

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549



ANNUAL AUDITED REPORT
FORM X-17A-5/A
PART III

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	February 28, 2010
Estimated average burden hours per response.....	12.00

SEC FILE NUMBER
8-49310

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/2008 AND ENDING 12/31/2008
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: INSTITUTIONAL CAPITAL Management OFFICIAL USE ONLY
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
2500 City West Blvd, Suite 700
(No. and Street)
HOUSTON, TX 77042
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Daniel L. Ritz, JR 281-493-3849
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Thomas, Clay
(Name - if individual, state last, first, middle name)
2734 Sunshine Blvd., Suite 400 Pearland, TX 77584
(Address) (City) (State) (Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions.

SEC (Zip Code)
Mail Processing
Section

MAY 22 2009

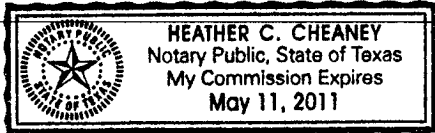
Washington, DC
122

FOR OFFICIAL USE ONLY

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

OATH OR AFFIRMATION

I, Daniel L. Ritz, Jr, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of INSTITUTIONAL CAPITAL Management, as of December 31, 2008, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



[Signature]
Signature

President

Title

Heather C. Cheaney
Notary Public

This report ** contains (check all applicable boxes):

- ☐ (a) Facing Page.
- ☐ (b) Statement of Financial Condition.
- ☐ (c) Statement of Income (Loss).
- ☐ (d) Statement of Changes in Financial Condition.
- ☐ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☐ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☐ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

****For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**

Clay Thomas, P.C.
Certified Public Accountant

P.O. Box 940814
Houston, Texas 77094
(713) 482-3920 (office)
(713) 482-3923 (fax)

Independent Auditor's Report

To the Board of Directors
Institutional Capital Management, Inc.
Houston, Texas

I have audited the balance sheet of Institutional Capital Management, Inc. as of December 31, 2008, and the related statements of income, stockholders' equity and cash flows for the year then ended. These financial statements are the responsibility of Institutional Capital Management, Inc.'s management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Institutional Capital Management, Inc. as of December 31, 2008, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedule I is presented for the purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities and Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

 P.C.

Clay Thomas, P.C.

March 30, 2009

Clay Thomas, P.C.
Certified Public Accountant

P.O. Box 940814
Houston, Texas 77094
(713) 482-3920 (office)
(713) 482-3923 (fax)

Independent Auditor's Report on Internal Accounting Control
Required by SEC Rule 17a-5

To the Board of Directors
Institutional Capital Management, Inc.
Houston, Texas

In planning and performing my audit of the financial statements of Institutional Capital Management, Inc. for the year ended December 31, 2008, I considered its internal control structure, in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), I have made a study of the practices and procedures followed by the Company, including tests of such practices and procedures that I considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregated indebtedness and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provision of Rule 15c3-3. Because the Company does not carry security accounts for customers or perform custodial functions related to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making the quarterly securities examination, counts, verifications and comparisons;
2. Recording of differences required by Rule 17a-13, and;
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of Institutional Capital Management, Inc. is responsible for establishing and maintaining an internal control structure and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's aforementioned objectives. Two of the objectives of an internal control structure and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control structure or the practices and procedures referred to above, errors or irregularities may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of design and operation may deteriorate.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which

Clay Thomas, P.C.
Certified Public Accountant

the design or operation of the specific internal control structure elements does not reduce to a relatively low level of risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, I noted no matters involving the internal control structure that I consider to be material weaknesses as defined above.

I understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities and Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on my study, I believe that Institutional Capital Management, Inc.'s practices and procedures were adequate at December 31, 2008, to meet the SEC's objectives.

This report is intended solely for the use of the Board of Directors, management, the SEC, and other regulatory agencies which rely on Rule 17a-5(g) under the Securities and Exchange Act of 1934 in their regulation of registered brokers and dealers, and should not be used for any other purpose.

 c. c.

Clay Thomas, P.C.

March 30, 2009

Institutional Capital Management, Inc.
Computation of Net Capital Pursuant to Rule 15C3-1
As of December 31, 2008

Total Equity From Statement of Financial Condition	664,132
Less: Non-Allowable Assets:	
Statement of Financial Condition	<u>608,396</u>
Net Capital	<u><u>55,736</u></u>
Computation of Basic Net Capital Requirement	
Minimum of Net Capital Required (6 2/3% of aggregate indebtedness)	<u>3,716</u>
Minimum Dollar Net Capital Required	<u>5,000</u>
Net Capital Required (Greater of Above Two Figures)	<u>5,000</u>
Excess Net Capital	<u>50,736</u>
Excess Net Capital at 1,000%	<u>44,227</u>
Computation Ratio of Aggregate Indebtedness to Net Capital	
Total Liabilities (Per Statement of Financial Condition)	<u>115,086</u>
Percentage Aggregate Indebtedness to Net Capital	<u>206%</u>

Institutional Capital Management, Inc.
Schedule 1 - Computation of Net Capital Under Rule 15C3-1
of the Securities and Exchange Commission
As of December 31, 2008

Reconciliation With Company's Computation (Including Part II of Form X-17a-5)	
Net Capital, as Reported in Company's Part II (Unaudited) Focus Report	13,370
Net Audit Adjustments	42,366
Other Items	<u> </u>
Net Capital Per Above	<u><u>55,736</u></u>

Institutional Capital Management, Inc.
Balance Sheet
As of December 31, 2008

Assets

Current Assets

Cash	(801)
RBC Clearing Deposit	100,000
Investments for Sale	20,468
Commissions Receivable	55,003
Total Current Assets	<u>174,670</u>

Fixed Assets

Furniture and Fixtures	16,794
Equipment	56,324
Computers	26,615
Accumulated Depreciation	(58,312)
Net Fixed Assets	<u>41,421</u>

Other Assets

Deposits	4,683
Due from Related Parties	534,856
Employee Receivables	23,588
Total Other Assets	<u>563,127</u>

Total Assets

779,218

and Stockholders' Equity

Current Liabilities

Accounts Payable	12,191
Commissions Payable	31,279
ICM Credit Line	71,616
Total Current Liabilities	<u>115,086</u>

Stockholders' Equity

Common Stock (\$.01 Par, 1,000,000 authorized, 27,500 issued and outstanding)	275
Preferred Stock	32,106
Additional Paid in Capital	793,885
Treasury Stock - Common	(39,500)
Retained Earnings	(122,635)
Total Stockholders' Equity	<u>664,132</u>

Total Liabilities and Stockholders' Equity

779,218

Institutional Capital Management, Inc.
Statement of Operations
For the Year Ended December 31, 2008

Revenue	
Fixed Income Sales	1,154,601.66
Equity Sales	4,535.64
Miscellaneous Income	<u>40,397.42</u>
Total Revenue	1,199,534.72
 Operating Expenses	
General and Administrative	470,421.27
Payroll and Related Expenses	32,033.29
Commissions	506,837.32
Clearing Charges	36,937.42
Selling Expense	<u>7,368.35</u>
Total Expenses	1,053,597.65
 Income From Operations	145,937.07
 Other Income (Expense)	
Interest Income	240.77
Unrealized Loss on Investments	(181,423.48)
Interest Expense	<u>3,803.67</u>
Total Other Income (Expense)	<u>(177,379.04)</u>
 Net Income	<u><u>(31,441.97)</u></u>

The information in the Notes to the Financial Statements is an integral part of these statements.

Institutional Capital Management, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2008

CASH FLOWS FROM OPERATING ACTIVITIES	
Net Income	(31,442)
Adjustments to reconcile Net Loss to net cash provided by operating activities:	
Commissions Receivable	(55,003)
Dain Rauscher - A/R	29,141
Due From Affiliates	(273,365)
Employee Receivables	(23,588)
Accounts Payable	(110,734)
Commissions Payable	20,072
Federal Income Tax Payable	3,483
ICM Credit Line	(28,384)
Net cash provided by Operating Activities	(469,821)
CASH FLOWS FROM INVESTING ACTIVITIES	
Property Plant and Equipment	3,704
RBC Dain Investment Accounts	122,329
RJA Investment Account	731
SW Securities Investmetn Portfolio	(5,247)
Net cash provided by Investing Activities	121,516
FINANCING ACTIVITIES	
Additional paid in capital	347,450
Net cash provided by Financing Activities	347,450
Net cash increase for period	(854)
Cash at beginning of period	100,053
Cash at end of period	99,199

The information in the Notes to the Financial Statements is an integral part of these statements.

Institutional Capital Management, Inc.
Changes in Stockholders' Equity
For the Year Ended December 31, 2008

	Common Stock		Preferred Stock		Treasury Stock			Retained Earnings	Total
	Shares	Amount	Shares	Amount		APIC			
Balance at December 31, 2007	27,500	\$ 275	3,210,642	\$ 32,106	\$ (39,500)	\$ 446,435	\$ (91,194)	\$ 348,122	
Capital Contributions						\$ 347,450		\$ 347,450	
Preferred Stock Issued								\$ -	
Net Income, 2008							(31,442)	\$ (31,442)	
Balance at December 31, 2008	27500	\$ 275	3,210,642	\$ 32,106	\$ (39,500)	\$ 793,885	\$ (122,635)	\$ 664,132	